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**NEW
CALUMET
MINES** LIMITED
(NO PERSONAL LIABILITY)

**TWENTY-THIRD
ANNUAL REPORT**

FOR THE YEAR ENDED SEPT. 30th

1965

ANNUAL MEETING OF SHAREHOLDERS

Thursday, January 27, 1966, at 11:00 a.m.

Alpine Room, Sheraton-Mount Royal Hotel, Montreal, P.Q.

The photograph on the cover of this report was taken in one of the better grade stopes. The sparkling effect is due to light reflected from the flat facets of the marmatite crystals (zinc mineral) and the galena crystals (lead mineral).

NEW CALUMET MINES LIMITED

(No Personal Liability)

Head Office

Room 303, 355 St. James Street West, Montreal, Quebec

Executive Office

360 Bay Street, Toronto, Ontario

Mine Office

Calumet Island P.O., Quebec



OFFICERS

C. J. CUNNINGHAM-DUNLOP
President

D. D. THOMSON
Vice-President

P. K. CUNNINGHAM-DUNLOP
Vice-President

CHARLES C. D. PRINGLE
Secretary-Treasurer

J. H. SHEPHERD
Assistant Secretary-Treasurer

DIRECTORS

C. J. Cunningham-Dunlop, P.Eng., 9 Queensborough Crescent, Weston, Ontario

D. S. McCann, P.Eng., Thornbury, Ontario

D. D. Thomson, B.Comm., Montreal, Quebec

J. D. Hackett, Montreal, Quebec

P. K. Cunningham-Dunlop, Haileybury, Ontario

Mine Manager

C. J. CUNNINGHAM-DUNLOP



Transfer Agent and Registrar

EASTERN & CHARTERED TRUST COMPANY

625 Dorchester Blvd. West
Montreal

1901 Yonge Street
Toronto

400 Burrard Street
Vancouver

Auditors

ALLEN, MILES, FOX
& JOHNSTON
Toronto

Solicitors

HACKETT & DRUMMOND
Montreal

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
THE BANK OF NOVA SCOTIA

NEW CALUMET MINES LIMITED

(No Personal Liability)

Report of the Directors

To the Shareholders,

NEW CALUMET MINES LIMITED.

(No Personal Liability)

Your Directors submit herewith the Twenty-Third Annual Report of your Company, covering the year ended September 30th, 1965, together with the Financial Statement for the year, the Auditors' Report thereon, its supporting documents, the Report of the Chief Geologist, the Report of the Mine Manager, a map showing your holdings on Grand Calumet Island, P.Q., and also one showing your interests in the new copper field, Gaspé Peninsula, P.Q.

The production of your mine continues to be under contract to smelters in the United States.

The main points achieved during the year under review were the completion, for the time being, of No. 5 Shaft (Internal) on the recently acquired Grand Calumet Mines' property, and the acquisition of some mining claim interests in the Gaspé Peninsula Area, P.Q.

As mentioned in the Manager's Report, three new levels were established below the 2050' horizon at the mine. Development of these levels is underway, together with "cut and fill" stope preparation. Ore opened up in the first level (at 2175') is quite up to expectations. The second level (at 2325') has entered ore of excellent grade on the South end of the opening, and raising has been started to the level above in ore. Crosscutting to the ore zone on the third level (at 2475') was underway at the year end. Production from these new levels will commence in January, 1966.

Development of the newly discovered ore at the North end of the 2050' level has been slowed somewhat in favour of concentrating on the levels below. This, together with deep drilling below the 2475' level, will be resumed early in the New Year.

Your Company acquired further interests in the Gaspé and shared them with Cyprus Mines Corporation of Los Angeles on an 81% Cyprus, 14% New Calumet basis. New Calumet's 14% interest has been transferred to its 75% owned Tetagouche Exploration Company Limited, the other 25% is owned by Belcher Mining Corporation Limited of Toronto, Ontario. The exact ground that will be shared with Cyprus has not been fully worked out at the time of writing this Report. All groups, aggregating 182 claims, on the accompanying map of Gaspé, are within a reasonable distance of the Terra Nova copper discovery, and are in good geological settings.

A resumé of all your outside interests with the recommendations of your Company's Chief Geologist follows this report.

Your staff and employees have done good work during the year. Many of them are young men who have followed in the footsteps of their fathers in working at the mine. This loyalty is greatly appreciated.

On Behalf of the Board,

Toronto, Ontario,
November 22nd, 1965.

C. J. CUNNINGHAM-DUNLOP,
President.

NEW CALUMET MINES LIMITED

(No Personal Liability)

Report of the Chief Geologist on Outside Properties

In addition to the main holdings in Grand Calumet Township, New Calumet owns or participates in the ownership of mining claims and properties in several areas in eastern Canada. These holdings are listed and described briefly below:

A. Wholly-owned mining claims.

1. Gowan, Prosser and Duff Townships, Ontario: The Company holds twelve unpatented claims in northwestern Gowan Township and six claims in western Duff Township in the Porcupine Mining Division. Also, New Calumet owns a 160 acre half-lot adjoining the Gowan claims and owns 75% of another half-lot (Osisko Lake Mines Limited owns 25%) near the southeastern corner of Prosser Township. All of these properties were covered by magnetic and electromagnetic surveys early in 1965, and it has been shown that they are underlain by northeasterly-striking volcanics similar to those in the area of the Texas Gulf Sulphur deposit about 7 miles to the southwest. Several low-intensity magnetic anomalies have been located on the New Calumet groups, and one persistent electromagnetic conductor was traced for 1,000 feet on one of the Gowan Township properties. This conductor was tested by a Texas Gulf drill hole put down 400 feet from the New Calumet boundary. New Calumet's exploration staff has recommended 1,500 feet of diamond drilling to investigate the conductor and nearby magnetic anomalies.
2. Methuen Township, Ontario: New Calumet is currently conducting a diamond drilling program in a gabbro-diorite intrusive in western Methuen Township, where it holds 14 unpatented mining claims. This program, consisting of a series of short holes in a circular area 600 feet in diameter, is designed to search for high quality trap rock much in demand for modern concrete structures and heavy-duty highways. The work will keep the seven most suitable claims adjacent to the Canadian Pacific rail line between Havelock and Nephton in good standing for two more years.
3. Préissac Township, Quebec: New Calumet holds six claims in eastern Préissac Township, Quebec, about three miles northwest of Marbridge Mines Limited. The claims are underlain by rocks which could be hosts for copper-nickel deposits.

B. Jointly-owned mining claims.

1. Bosada property, Daniel Township, Quebec: This property, consisting of two adjoining areas totalling fifty unpatented claims, is located midway between Mattagami Lake Mines and New Hosco Mines in the successful zinc-copper camp of Matagami Lake in northwestern Quebec. It is owned 69.69% by New Calumet. Osisko Lake Mines (17.47%) and Consolidated Professor Mines (10.13%) also own substantial interests. The claims were investigated by geophysics and diamond drilling in the period from 1958 to 1961, and were under option to Phelps Dodge Corporation of Canada, Limited from 1962 to the end of 1964. It is proposed to process data turned over to New Calumet by Phelps Dodge and to correlate this information with results of earlier work, with a view to conducting further geophysical and drilling tests of areas only partially explored to date. The Bosada property has been found to straddle the favourable Key Tuff horizon and some zinc mineralization has been found in drill holes put down by New Calumet and others and by Phelps Dodge.

C. Mining Claims under Option.

1. Pelham Gold Mines Limited, Kenora Mining Division, Ontario: New Calumet holds the seventeen patented claims of this Company, near Washiehemaga Lake southeast of Dryden, under option. Numerous small but high-grade gold showings are present on the property. Surface prospecting around the showings by New Calumet in 1964 showed that future work should take the form of structural analysis through detailed geological mapping possibly followed by diamond drilling. An option payment of \$2,000.00 will fall due on February 1st, 1966.

D. Subsidiary Mining Companies.

1. Chesterfield Mining and Exploration Company Limited: New Calumet owns 100% of the issued capital stock of this Company which holds a 2,250-acre concession on the Mattagami River, north of Kapuskasing, Ontario. The concession covers part of a very extensive deposit of kaolin and silica sand. Both these materials are of high quality, and New Calumet engineers have recommended continued exploration and development of the property.
2. Tetagouche Exploration Company Limited: New Calumet owns 75% of this New Brunswick chartered company. Belcher Mining Corporation Limited owns the remaining 25%. Tetagouche has holdings in the Bathurst area of New Brunswick and in Gaspé Park, Quebec.

The Bathurst area holdings are twenty claims containing a narrow but persistent and good-grade zinc-lead-copper-silver-gold deposit. The body has been extensively tested by diamond drilling and metallurgical work, and further work involving correlation of all results and recalculation of possible ore reserves in the light of present market conditions has been recommended.

In Gaspé Park, Tetagouche has a fifteen-claim group in Bonnacamp Township which was staked in 1963 and geochemically surveyed in 1964, and participates with Cyprus Mines Corporation (85% Cyprus, 15% Tetagouche) in the exploration of four more groups totalling one hundred and sixty-seven claims in Lapotardiere, Deslandes and Lesseps Townships. A group in Lapotardiere and another in Deslandes have been prospected and reconnaissance geochemical surveys have been performed. Interesting copper mineralization has been encountered in silicified sediments on the largest Deslandes group. Consideration is being given to geophysical surveys and detailed geological mapping. Tetagouche's interests in Gaspé are considered to be favourably located with respect to geological conditions at the Gaspé Copper and Terra Nova properties.

E. Associated Mining Companies.

1. Consolidated Professor Mines Limited: New Calumet holds a fair interest in this Company which has a large property in the Cobalt silver area. Surface and underground work has resulted in the discovery of many small silver-bearing veins. Results of exploration on nearby properties are being watched closely and further work will be planned if conditions warrant it.

Respectfully submitted,

P. K. CUNNINGHAM-DUNLOP, B.A.Sc., M.Sc., P.Eng.

Haileybury, Ontario,
November 24th, 1965.

NEW CALUMET MINES LIMITED

(No Personal Liability)

Report of the Mine Manager

The President and Directors,

New Calumet Mines Limited,
(No Personal Liability),
TORONTO, Ontario.

Gentlemen:

I submit herewith a report of the operations at your mine for the Fiscal Year, October 1, 1964 to September 30, 1965.

The mill operated at an average rate of 321.0 tons per working day, and processed a total of 97,586.5 tons of ore during the year. The mill did not operate on Sundays, nor on eight Statutory Holidays.

Development work was continued throughout the year, for exploration purposes and to open up new ore for mining. In addition to the sinking of No. 5 Internal Shaft, exploratory and development work was carried out on the 750, 900, 1050, 1925, 2050, 2175, 2325 and 2475 levels.

No. 5 Shaft was sunk a total of 770 feet from the hoist elevation on the 1800 level. The main deck was established on the 1925 level, and three new levels were initiated at the 2175, 2325 and 2475 elevations. Each of the three new levels has a lip pocket; and a spill pocket was installed in the Shaft bottom. The skip tipples are between the 1800 and 1925 levels, discharging into ore and waste raises, with chutes on the 1925 haulage level to No. 4 Shaft. The Shaft is equipped with a 42-inch hoist and one-ton skips. Hoisting capacity is about 500 tons per day.

The 713 drift was advanced 52 feet in ore to open up 715 stope for mining.

The 901 drift was advanced 423 feet north, and encountered what appears to be a new zone of ore paralleling the MacDonald Ore Zone, and probably connected with a new zone found far to the north on the 2050 level, mentioned below.

The 905 crosscut was driven 240.5 feet into the hanging wall to allow diamond drilling of the 1051C4 zone.

The 919 drift was driven 14 feet to open up the ore found at the north end of the 901 drive.

The 1051C4 raise was driven 280 feet in ore to begin 1051C4 stope.

The 1907 crosscut was driven 127 feet for No. 5 Shaft ore and waste loading.

The total raising to establish the No. 5 Shaft Ore and Waste Bins was 191 feet.

The 19E stope raise was driven 92.5 feet in ore to the 1800 level.

The 2053 crosscut was advanced 1,562 feet to the north to explore unknown ground and, resulted in the discovery of the 20-14 ore zone, 700 feet north of the MacDonald zone. This is likely the same zone as that found in 901 drift.

The 2054 drift was advanced 211.5 feet in ore to open up the 20-14 ore zone.

The 20-14 raise was driven 42 feet in ore.

The 2153 drift was driven 110.5 feet in ore to establish the new 2175 level from the bottom of the slope, prior to the completion of No. 5 Shaft.

The 2175 crosscut was driven 137 feet from No. 5 Shaft to connect with the 2153 drift.

The 2325 crosscut was advanced 23.5 feet towards the ore from No. 5 Shaft.

The 2475 crosscut was driven 92 feet towards the ore from No. 5 Shaft.

The total excavation by slashing in connection with the above development and No. 5 Shaft Stations, amounted to 105,717 cubic feet, some of which was ore.

An aggregate length of 25,449 feet of diamond drilling was completed underground to explore for new ore from development headings, and to obtain more information on known zones.

A total of 9,800 feet of diamond drilling was completed from surface to explore for ore to the north, above the 600 foot level horizon.

SUMMARY OF DEVELOPMENT

	October 1, 1964 to September 30, 1965	Total to September 30, 1965
Shaft Sinking and Excavation		
No. 1 Shaft	—	745.0 ft.
No. 2 Shaft	—	686.8 ft.
No. 3 Shaft	—	939.4 ft.
No. 4 Shaft	—	2,205.5 ft.
No. 5 Shaft	770.0 ft.	770.0 ft.
Stations, Sumps and Development Slashing	105,717 cu. ft.	1,126,968 cu. ft.

Drifting, Crosscutting and Raising

100 ft. level	—	530.5 ft.
200 ft. level	—	8,049.5 ft.
300 ft. level	—	9,927.7 ft.
400 ft. level	—	3,126.6 ft.
500 ft. level	—	6,836.4 ft.
600 ft. level	—	7,487.4 ft.
650 ft. level	—	107.0 ft.
700 ft. level	—	63.8 ft.
750 ft. level	52.0 ft.	4,503.4 ft.
900 ft. level	677.5 ft.	6,182.9 ft.
1050 ft. level	280.0 ft.	4,404.8 ft.
1200 ft. level	—	5,042.6 ft.
1350 ft. level	—	8,753.6 ft.
1500 ft. level	—	6,271.4 ft.
1675 ft. level	—	4,215.4 ft.
1800 ft. level	—	5,652.6 ft.
1925 ft. level	410.5 ft.	5,686.0 ft.
2050 ft. level	1,815.5 ft.	7,213.7 ft.
2175 ft. level	247.5 ft.	1,443.5 ft.
2325 ft. level	23.5 ft.	23.5 ft.
2475 ft. level	92.0 ft.	92.0 ft.
Totals:	3,598.5 ft.	95,614.3 ft.

	October 1, 1964 to September 30, 1965	Total to September 30, 1965
Diamond Drilling		
Surface	9,800 ft.	175,346 ft.
Underground		
100 ft. level	—	1,053 ft.
200 ft. level	—	21,312 ft.
300 ft. level	—	18,726 ft.
400 ft. level	—	6,376 ft.
500 ft. level	—	15,521 ft.
600 ft. level	—	21,786 ft.
750 ft. level	1,248 ft.	10,337 ft.
900 ft. level	4,609 ft.	19,300 ft.
1050 ft. level	37 ft.	11,231 ft.
1200 ft. level	576 ft.	13,844 ft.
1350 ft. level	935 ft.	33,608 ft.
1500 ft. level	1,173 ft.	14,608 ft.
1675 ft. level	265 ft.	7,108 ft.
1800 ft. level	—	20,416 ft.
1925 ft. level	1,306 ft.	12,493 ft.
2050 ft. level	12,601 ft.	27,602 ft.
2175 ft. level	1,094 ft.	4,677 ft.
2325 ft. level	1,605 ft.	1,605 ft.
Totals:	35,249 ft.	436,949 ft.

ORE RESERVES

- Ore that is profitable with the present prices of lead and zinc at 16¢ and 14½¢ respectively:

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
Unstoped Ore	176,188	11.05	3.17	.014	5.75
Unstoped Ore Plus 10% Dilution (1)	193,807	10.04	2.88	.012	5.22
Stope Pillars and Sills	166,799	8.37	2.48	.021	4.91
Broken Ore	17,461	6.33	1.86	.021	3.97
Total:	<u>378,067</u>	<u>9.13</u>	<u>2.66</u>	<u>.016</u>	<u>5.03</u>

(1) A dilution factor of 10% is used in conjunction with cut and fill mining.

- Ore considered to be uneconomical to mine and mill at present prices, but which would be profitable in whole, or in part, with metal prices considerably higher than at present:

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
	199,000	3.16	.86	.013	1.59

SUMMARY OF MILLING

The metallurgical and production figures for the Fiscal Year were as follows:

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
Ore Treated	97,586.5	6.08	1.66	.016	3.58
Zinc Concentrate	10,839.26	51.75	.41	.010	2.70
Lead Concentrate	2,607.23	7.54	56.91	.387	103.19
Recovery (Percent)	—	94.5	91.7	66.3	76.9

34,924 tons of tailings were recovered as backfill, and placed hydraulically in eight stopes underground.

SUMMARY OF PRODUCTION

- Tonnage and Grade Milled

	<u>Tonnage</u>	<u>Zinc Percent</u>	<u>Lead Percent</u>	<u>Gold ozs./ton</u>	<u>Silver ozs./ton</u>
1944-1964	3,365,538	5.97	1.66	.0193	3.58
1965	97,586	6.08	1.66	.016	3.58
Total:	<u>3,463,124</u>	<u>5.97</u>	<u>1.66</u>	<u>.0192</u>	<u>3.58</u>

- Sources of Ore — October 1, 1964 to September 30, 1965

	<u>Tons Broken</u>	<u>Tons Removed</u>	<u>Tons Hoisted</u>
#1 Shaft Open Stopes	1,780	1,598	1,598
#3 Shaft Open Stopes	30,835	34,210	34,210
#4 Shaft Open Stopes	6,650	5,992	5,992
#3, #4 and #5 Shafts Cut and Fill Stopes	50,848	53,633	53,633
Total Stopes	90,113	95,433	95,433
Development Ore	2,548	2,548	2,548
Total ore	92,661	97,981	97,981
Development Waste	29,434	29,434	23,601
Total Ore and Waste	<u>122,095</u>	<u>127,415</u>	<u>121,582</u>

3. Metal Produced

From the actual smelter settlements, in concentrate form, not refined metals:

	<u>Zinc Pounds</u>	<u>Lead Pounds</u>	<u>Gold Ounces</u>	<u>Silver Ounces</u>	<u>Copper Pounds</u>
1944-64	392,885,826.0	109,871,527.7	50,105.48	9,053,097.95	4,785,422.0
1965	11,673,896.2	3,088,299.3	1,083.79	283,674.20	185,348.8
Total:	<u>404,599,722.2</u>	<u>112,959,827.0</u>	<u>51,189.27</u>	<u>9,336,772.15</u>	<u>4,970,770.8</u>

Note: Since there is always a lag in smelter settlements, the figures for metal produced cannot be reconciled with the tons of concentrates and grades shown in the Summary of Milling.

ADDITIONS TO PLANT AND EQUIPMENT

A 3-ton battery locomotive and eight 3-ton mine cars were purchased for the main haulage between No. 5 and No. 4 Shafts.

Two Atlas Copco Autoloaders were purchased for use in the cut and fill stopes.

A small used rubber-tired loader with a backhoe attachment was purchased for the mine yard.

The three main heating boilers were converted from stoker coal to oil burners, completely automatic. No labour is needed now for operation of the boilers. Considerable renovation was made to the pipe boxes and steam and return lines.

The mine office building and all dwellings were painted on the exteriors. One dwelling was clad with imitation brick siding.

Respectfully submitted,

NEW CALUMET MINES LIMITED
(No Personal Liability)

C. J. CUNNINGHAM-DUNLOP
Mine Manager

Calumet Island, Quebec,
November 12, 1965.

NEW CALUMET MINES LIMITED

(No Personal Liability)

COMPARATIVE SUMMARY OF OPERATIONS AND FINANCIAL POSITION

Year	Tons Treated	Net Sales and Other Income	Net Profit After Taxes and Write-offs	Dividends Paid	Notes Paid	Net Current Assets Excluding Supplies
1944-1962	3,177,355	\$33,208,671	\$4,350,614	\$3,259,888	\$1,157,311	
1963	93,360	1,138,412	50,972—	Nil	Nil	\$1,006,520
1964	94,823	1,477,098	38,505	Nil	Nil	609,349
1965	97,586	1,516,084	47,722	Nil	Nil	626,705
	<u>3,463,124</u>	<u>\$37,340,265</u>	<u>\$4,385,869</u>	<u>\$3,259,888</u>	<u>\$1,157,311</u>	

COMPARATIVE SUMMARY OF OPERATING RESULTS EXPRESSED IN TERMS OF TONS MILLED

Year	Metal Production Net	Operating Cost and Administrative Expenses	Depreciation and Amortization of Deferred Development Expenses	Taxes	Interest and Discount on Notes	Sundry Credits	Final Net Profits Per Ton of Ore Milled
1944-1962 (averages)	\$ 10.24	\$ 7.94	\$ 1.00	\$.39	\$.04	\$.14	\$ 1.01
1963	11.61	11.61	1.12	Nil	Nil	.58	.54—
1964	15.08	13.66	1.44	.07	Nil	.50	.41
1965	14.87	13.76	1.29	Nil	Nil	.67	.49

DIVIDENDS PAID TO SEPTEMBER 30, 1965

Dividend Numbers	Total per share	Total Amount of Dividends
1 - 15	92½¢	\$3,259,888.85

Note: Last dividend paid on February 6, 1959, being 2¢ per share.

NEW CALUMET MINES LIMITED

(No Personal Liability)

AUDITORS' REPORT

To the Shareholders of
New Calumet Mines Limited (No Personal Liability)

We have examined the balance sheet of New Calumet Mines Limited (No Personal Liability) as at September 30, 1965 and the statements of operations and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of operations and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the company as at September 30, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned financial statements, presents fairly the sources and applications of funds of the company for the year ended September 30, 1965.

ALLEN, MILES, FOX & JOHNSTON,
Chartered Accountants.

Toronto, Canada,
November 15, 1965.

NEW CALUMET MINES LIMITED

(No Personal Liability)



NOTES TO THE FINANCIAL STATEMENT

September 30, 1965

1. The company's subsidiary, Grand Calumet Mines Limited, is being wound up and during the year ended September 30, 1965 made a preliminary distribution to its shareholders. The amount of this distribution received by New Calumet Mines Limited has been credited against the cost of its investment in the subsidiary. It is expected that the amount received on final distribution of the assets of the subsidiary will exceed the net cost of \$6,039 at which the investment is included in the balance sheet at September 30, 1965.

2. It is impossible at the present time to determine if there will be any ultimate recovery of the company's investments of \$359,574 in subsidiary exploration companies and \$109,273 in other mining companies.

3. (a) During the year ended September 30, 1965 the company issued 360,000 shares of its capital stock for a cash consideration of \$396,000. The premium of \$36,000 received on these shares has been credited against discount on shares issued.

(b) The company has granted options to employees on 4,200 shares of its capital stock at a price of \$1 per share exercisable on or before January 28, 1966.

New Calumet

(NO PERSON)

Incorporated under the laws of the Province of Ontario

BALANCE SHEET

(with comparative figures for 1965)

Expressed in Canadian dollars

ASSETS

Current Assets	1965	1964
Cash and short term deposits	\$ 370,903	\$ 110,376
Call loan	—	200,000
Accounts receivable	44,822	26,707
Estimated metal settlements receivable	220,226	193,249
Inventory of supplies — at cost	167,006	169,413
Prepaid expenses	17,454	18,497
Marketable securities — at cost	85,990	201,938
(Quoted market value 1965 — \$75,954; 1964 — \$235,024)		
	<u>906,401</u>	<u>920,180</u>
Fixed Assets		
Buildings, machinery and equipment — at cost	2,312,807	2,192,636
Less accumulated depreciation	<u>2,176,475</u>	<u>2,118,686</u>
	136,332	73,950
Mining properties — at cost — including properties valued at \$209,985 for which 1,399,902 shares of capital stock were issued	984,183	550,543
	<u>1,120,515</u>	<u>624,493</u>
Investment in subsidiary, Grand Calumet Mines Limited (note 1)		
Shareholdings — at cost	<u>6,039</u>	<u>397,608</u>
Other Assets and Deferred Charges		
Investments in and advances to subsidiary exploration companies (note 2)		
Shareholdings — at cost	329,449	329,449
Advances and exploration expenditures	<u>30,125</u>	<u>25,051</u>
	359,574	354,500
Investments in shares of other mining companies — at cost (no quoted market values) (note 2)	109,273	109,273
Deferred outside exploration expenditure		
Joint venture — Quebec	\$ 76,894	
Joint ventures — Ontario	12,046	
Prospecting and staking costs — Quebec	9,543	
Prospecting and staking costs — Ontario	<u>28,720</u>	
	127,203	106,709
Advance payment re purchase of Grand Calumet Mines Limited property	—	7,500
Deferred development expenditure less amounts written off	320,858	16,410
Deferred repair costs less amounts written off	17,567	15,613
Deposits	<u>1,475</u>	<u>1,625</u>
	<u>935,950</u>	<u>611,630</u>
	<u>\$2,968,905</u>	<u>\$2,553,911</u>

The accompanying notes are an integral part of the financial statements.

Mines Limited

(INCORPORATED IN THE PROVINCE OF QUEBEC)

The Province of Quebec

SEPTEMBER 30, 1965

(September 30, 1964)

Canadian Currency

LIABILITIES

Current Liabilities	1965	1964
Bank Overdraft	\$ 1,544	\$ 7,082
Wages payable	25,256	24,089
Accounts payable and accrued liabilities	77,956	97,670
Miscellaneous taxes	7,934	6,354
Estimated Quebec mining tax	—	6,223
	<u>112,690</u>	<u>141,418</u>

SHAREHOLDERS' EQUITY

Capital Stock		
Authorized		
5,000,000 shares of the par value of \$1.00 each		
Issued		
4,983,656 shares (note 3)		
For cash	\$3,460,005	
For mining properties and shares of subsidiary company	1,523,651	
	<u>4,983,656</u>	
Less discount on shares issued		
For cash	2,063,504	
For mining properties	1,189,917	
	<u>3,253,421</u>	
	1,730,235	1,334,235
Earned Surplus	<u>1,125,980</u>	<u>1,078,258</u>
	<u>2,856,215</u>	<u>2,412,493</u>

Approved on behalf of the Board of Directors:

C. J. CUNNINGHAM-DUNLOP, Director.

D. D. THOMSON, Director.

\$2,968,905 \$2,553,911

Statement and should be read in conjunction therewith.

(No Personal Liability)

For the year ended September 30, 1965

Expressed in Canadian Currency

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

NEW CALUMET MINES LIMITED

(No Personal Liability)

STATEMENT OF EARNED SURPLUS

For the year ended September 30, 1965

(with comparative figures for the year ended September 30, 1964)

Expressed in Canadian Currency

	1965	1964
Earned surplus at beginning of year	\$1,078,258	\$1,039,753
Add net profit for the year	47,722	38,505
Earned surplus at September 30, 1965 and 1964	<u>\$1,125,980</u>	<u>\$1,078,258</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended September 30, 1965

Source of Funds

From operations

Net profit for the year	\$ 47,722	
Add expenses not involving an outlay of funds in 1965		
Allowance for depreciation	57,926	
Deferred development written off	16,410	\$ 122,058

Proceeds of issue of capital stock		396,000
Preliminary distribution on winding-up received from Grand Calumet Mines Limited		392,641
Utility deposit refunded		150
		<u>910,849</u>

Application of Funds

Purchase of equipment	120,308	
Purchase of mining property	426,140	
Purchase of shares in Grand Calumet Mines Limited	1,072	
Advances to subsidiary exploration companies	5,074	
Deferred development expenditure	320,858	
Increase in deferred outside exploration expenditure	20,494	
Increase in deferred repair costs	1,954	895,900

Increase in net current assets — see below		<u>\$ 14,949</u>
--	--	------------------

	September 30, 1965	September 30, 1964	Increase or (Decrease)
Current assets	\$ 906,401	\$ 920,180	\$ (13,779)
Current liabilities	112,690	141,418	(28,728)
Net current assets	<u>\$ 793,711</u>	<u>\$ 778,762</u>	<u>\$ 14,949</u>

NEW CALUMET MINES LIMITED

(No Personal Liability)

STATEMENT OF MINE OFFICE AND SUPERVISION EXPENSE

For the year ended September 30, 1965

(with comparative figures for the year ended September 30, 1964)

	1965	1964
Management and office salaries and expense	\$ 44,706	\$ 38,971
Engineering salaries and expense	26,565	25,231
Warehouse salaries and expense	17,242	10,732
Stationery	2,921	1,739
Travelling	412	2,808
Telephone and telegraph	2,202	1,479
Stamps and bank charges	295	428
	<u>\$ 94,343</u>	<u>\$ 81,388</u>

STATEMENT OF MISCELLANEOUS OPERATING EXPENSE

For the year ended September 30, 1965

(with comparative figures for the year ended September 30, 1964)

	1965	1964
Fire protection	\$ 2,538	\$ 778
General surface expense	30,710	26,296
Dry house	15,260	13,622
Watchman and guard expense	8,379	8,508
Sundry	15,335	14,917
Heating	31,244	29,690
Lighting	4,368	2,380
Fire and other insurance	8,985	8,888
Workmen's compensation insurance	31,100	33,600
Unemployment insurance	7,474	6,660
Group insurance	11,050	9,138
Provincial sales tax	8,590	5,054
Municipal taxes	14,660	13,413
Retirement pension premiums	11,067	9,493
Discounts earned	(541)	(587)
	<u>\$ 200,219</u>	<u>\$ 181,850</u>

NEW CALUMET MINES LIMITED

(No Personal Liability)

INVESTMENTS AT SEPTEMBER 30, 1965

Marketable Securities	Par Value	Cost	Quoted market value
Government of Canada 4¼% bonds due September 1, 1972	\$3,000	\$ 2,767	\$ 2,823
	Number of shares		
Combined Metal Mines Limited	48,750	20,178	9,994
Lake Dufault Mines Limited	1,000	17,050	13,250
Martin-McNeely Mines Limited	5,000	3,925	3,350
Numac Oil and Gas Limited	2,000	2,940	2,620
Numac Oil and Gas Limited warrants	600	—	192
Rio Algom Mines Limited	1,000	14,500	18,625
Toronto-Dominion Bank	400	24,630	25,100
		83,223	73,131
		\$ 85,990	\$ 75,954
Subsidiary Companies (no quoted market value)			Advances
Grand Calumet Mines Limited	1,353,930	\$ 6,039	\$ —
Chesterfield Mining & Exploration Company Limited	966,000	21,306	2,246
Grand Calumet Mining Company Limited	1,200,000	221,296	27,879
Tetagouche Exploration Company Limited	187,500	86,847	—
		329,449	30,125
		\$ 335,488	\$ 30,125
Other Mining Companies (no quoted market value)			
Cadieux Mines Limited	100,000	\$ 129	
Consolidated Professor Mines Limited	90,000	85,516	
Oola Mines (Canada) Limited	195,343	23,628	
		\$ 109,273	

NEW CALUMET MINES LIMITED

(No Personal Liability)

SUMMARY OF SUPPLIES AND SERVICES PURCHASED DURING THE YEAR ENDED SEPTEMBER 30, 1965

Wages and Salaries

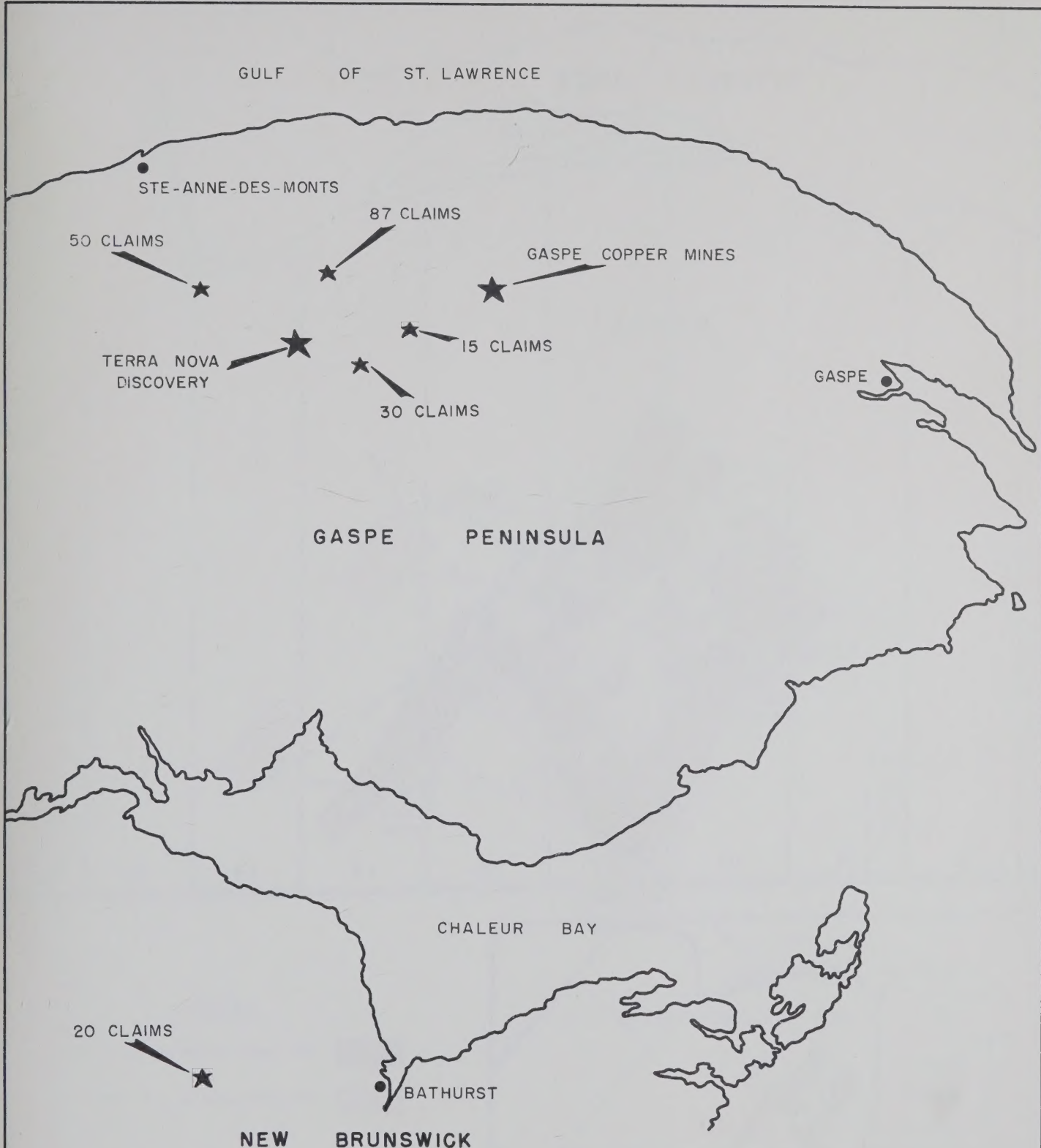
Wages and Salaries	\$779,024.00	
Pension Plan (Inc. Savings Fund)	18,998.00	
Holiday with Pay	26,749.00	\$824,771.00

Supplies

Hardware	\$ 11,660.00	
Iron, Steel	34,583.00	
Tungsten Carbide Bits and Steel	7,000.00	
Grinding Balls	9,500.00	
Wire Cable	25,000.00	
Electrical Supplies	12,000.00	
Pipe, Fittings, Hose	23,920.00	
Rock Drills and Repairs	14,319.00	
Crusher Repairs Parts }	20,345.00	
Mill Repairs — Parts }		
Building Supplies	3,900.00	
Misc. Supplies and Services	59,000.00	
Power (Plant Operation and Heating)	95,479.00	
Timber	22,094.00	
Explosives	26,152.00	
Chemicals	42,642.00	
Fuel, Oil, Grease and Gas	32,959.00	
Transportation	208,820.00	
Engineering and Geology Supplies	734.00	
Diamond Drill Bits and Repairs	2,400.00	
Machinery and Equipment	119,876.00	
Building and House Repairs	11,538.00	\$783,921.00

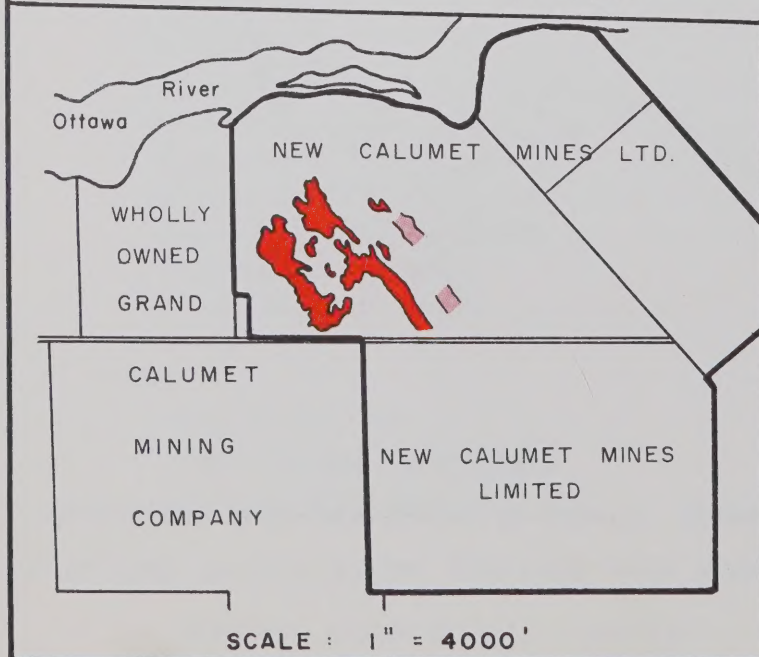
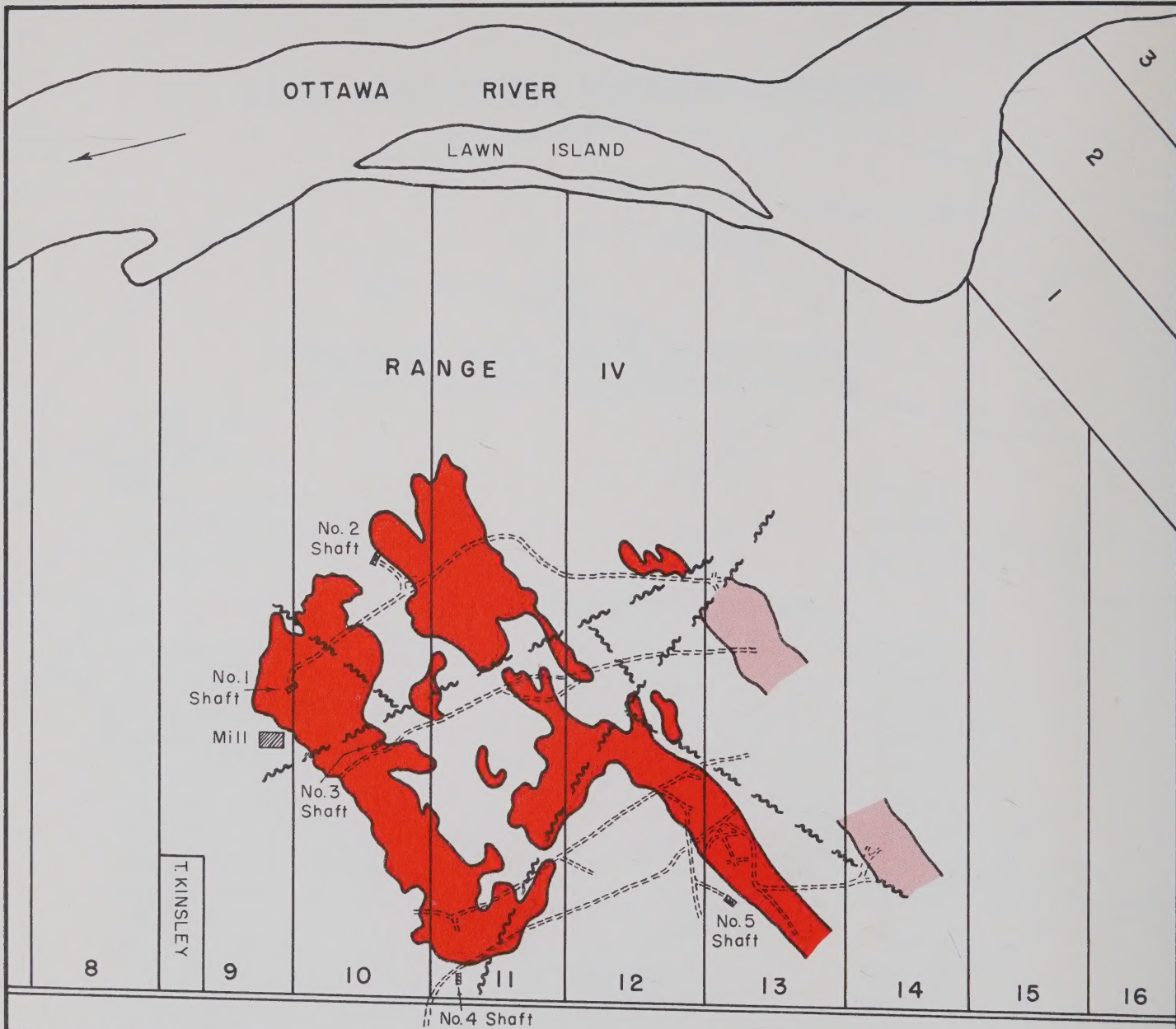
Taxes

Provincial Sales Tax	\$ 6,103.00	
Federal Income Tax — Employees	37,126.00	
Provincial Income Tax — Employees	16,652.00	\$ 59,881.00



LOCATION MAP
SHOWING CLAIMS IN GASPE AND NEW BRUNSWICK
IN WHICH NEW CALUMET MINES HAS AN INTEREST

SCALE : 1" = 15 MILES APPROX.



LEGEND

Ore zones presently being mined

Possible parallel ore zones

NEW CALUMET MINES LTD.
OUTLINE OF ORE LENSES
 AND OWNERSHIP OF MINERAL RIGHTS

SCALE : 1" = 1000' OCT. 1965

